

**AUDITED FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTAL INFORMATION
OTHER FINANCIAL INFORMATION
AND SUPPLEMENTAL REPORTS**

**TOWNSHIP OF BESSEMER - RAMSAY, MI
GOGEBIC COUNTY
March 31, 2008**

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* BESSEMER TOWNSHIP	County* GOGEBIC	Type* TOWNSHIP	MuniCode* 27-1-010
Opinion Date-Use Calendar* Aug 7, 2008	Audit Submitted-Use Calendar* Sep 24, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	? \$ 495,044.00
General Fund Expenditure:	? \$ 510,161.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? \$ 588,269.00
Governmental Activities Long-Term Debt (see instructions):	? \$ 35,206.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* ROGER	Last Name* KOLEHMAINEN	Ten Digit License Number* 1101011820		
CPA Street Address* 1445 EAST US 2	City* IRONWOOD	State* MI	Zip Code* 49938	Telephone* +1 (906) 932-3600
CPA Firm Name* ROGER J KOLEHMAINEN PC	Unit's Street Address* N10338 MILL STREET	Unit's City* RAMSAY	Unit's Zip* 49959	

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MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BESSEMER

Year ended March 31, 2008

Management's Discussion and Analysis

This section of the Township of Bessemer's (Township) annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2008. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Government* and is intended to provide the financial results for the fiscal year ending March 31, 2008.

Government-wide Financial Statements

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual basis of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities except fiduciary funds. All current year revenues and expenses are reported in the statement of activities. The two statements report the governmental activities of the Township that include all services performed by the Township. These activities are funded mostly by State revenue sharing, property taxes and charges for services.

The statement of net assets, as stated previously, shows the Township's assets and liabilities. The corresponding balance between the amounts calculates the net assets or deficit of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the Township generally is. This shows if the Township will be able to fund their current obligations and shows what they have available for future use.

The statement of activities shows the current year change in net assets on revenue less expense basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township. Any deficiency of revenues over expenditures results in a deficit for the year that in turn reduces the net assets (or increases a deficit) of the Township.

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BESSEMER

Fund Financial Statements

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains one governmental fund, which is the general fund. The Township adopts an annual budget for its general fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general fund and is included in the "Required Supplemental Information" section of this report.

Proprietary Funds

Proprietary Funds provide services for which the Township charges customers a fee. The Township has four proprietary fund types- enterprise funds. The enterprise funds of the Township are used to report the same functions as the business-type activities in the government-wide financial statements. The Water and Sewer Funds is presented in both the government-wide financial statements and the fund financial statements and is considered a major fund. Enterprise funds are used to account for operations very similar to business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BESSEMER

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefits of parties outside the government. The fiduciary fund for the Township is the Tax Collection Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

Notes to Financial Statements

Notes to the financial statements are included in the financial statements, and provide additional information that is essential for a full understanding of the data provide in the government-wide and the fund financial statements.

Government-wide Financial Statements-Condensed Financial Information

Statement of Net Assets

The following is a condensed statement of net assets with a detailed analysis of the statement below as of March 31, 2008 and 2007.

		<u>March 31, 2008</u>	
	Governmental	Business-Type	
ASSETS	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current Assets:			
Cash and cash equiv.	\$269,153	\$336,510	\$605,663
Other assets	102,091	125,693	227,784
Non-current Assets			
Restricted cash	269,578	40,448	310,026
Capital Assets, net	571,341	916,162	1,487,503
TOTAL ASSETS	<u>\$1,212,163</u>	<u>\$1,418,813</u>	<u>\$2,630,976</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BESSEMER

March 31, 2008

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities	\$62,296	\$30,697	\$92,993
Non-current Liabilities	25,463	373,000	398,463
TOTAL LIABILITIES	87,759	403,697	491,456
NET ASSETS			
Investment in capital assets net of related debt	571,341	536,662	1,108,003
Restricted	272,400	55,897	328,297
Unrestricted	280,663	422,557	703,220
TOTAL NET ASSETS	1,124,404	1,015,116	2,139,520
TOTAL LIABILITIES AND NET ASSETS	\$1,212,163	\$1,418,813	2,630,976

For governmental activities, net assets decreased by \$12,113 during the fiscal year. For business-type activities, net assets increased by \$66,298 during the year.

March 31, 2007

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and other assets	\$401,011	\$249,287	\$650,298
Other assets	99,375	113,473	212,848
Non-current Assets			
Restricted cash	173,542	39,067	212,609
Capital Assets, net	573,516	958,564	1,532,080
TOTAL ASSETS	\$1,247,444	\$1,360,391	\$2,607,835
LIABILITIES			
Current Liabilities	\$79,629	\$32,073	\$111,702
Non-current Liabilities	31,298	379,500	410,798
TOTAL LIABILITIES	110,927	411,573	522,500
NET ASSETS			
Investment in capital assets net of related debt	573,516	572,564	1,146,080
Restricted	179,608	57,135	236,743
Unrestricted	383,393	319,119	702,512
TOTAL NET ASSETS	1,136,517	948,818	2,085,335
TOTAL LIABILITIES AND NET ASSETS	\$1,247,444	\$1,360,391	\$2,607,835

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BESSEMER

Statement of Activities

The results of operations for Bessemer Township as a whole are reported in the statement of activities. This statement reports the changes in net assets for both governmental and business-type activities. The following is a condensed statement of activities for the years ended March 31, 2008 and 2007.

		<u>March 31, 2008</u>	
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
REVENUES			
Program Revenue:			
Charges for services	\$54,960	\$374,327	\$429,287
General Revenue:			
Property taxes	308,042		308,042
Other income	5,212	20,634	25,846
Unrestricted grants	104,499		104,499
Interest income	19,404	7,206	26,610
Total Revenue	<u>\$492,117</u>	<u>\$402,167</u>	<u>\$894,284</u>
EXPENSES:			
General Government	\$315,679		\$315,679
Public Safety	27,060		27,060
Public Works	133,926		133,926
Recreation and Culture	12,030		12,030
Other Expenses	15,535		15,535
Total Expenses	<u>\$504,230</u>	<u>\$</u>	<u>\$504,230</u>
Business-Type Activities:			
Water & Sewer Expenses		\$335,869	\$335,869
Increase (Decrease) in Net Assets	<u>(\$12,113)</u>	<u>\$66,298</u>	<u>\$54,185</u>
Net Assets, Beginning of Year	1,136,517	948,818	2,085,335
Net Assets, End of Year	<u>\$1,124,404</u>	<u>\$1,015,116</u>	<u>\$2,139,520</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BESSEMER

		<u>March 31, 2007</u>	
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
REVENUES	<u>Activities</u>	<u>Activities</u>	
Program Revenue:			
Charges for services	\$33,562	\$371,717	\$405,279
General Revenue:			
Property taxes	314,707		314,707
Other income	4,452	15,489	19,941
Unrestricted grants	107,895		107,895
Interest income	20,520	6,561	27,081
Total Revenue	<u>\$481,136</u>	<u>\$393,767</u>	<u>\$874,903</u>
EXPENSES:			
General Government	\$239,020		\$239,020
Public Safety	33,549		33,549
Public Works	121,024		121,024
Recreation and Culture	8,371		8,371
Other Expenses	15,623		15,623
Total Expenses	<u>\$417,587</u>	<u>\$</u>	<u>\$417,587</u>
Business-Type Activities:			
Water & Sewer Expenses		\$315,096	315,096
Increase (Decrease) in Net Assets	\$63,549	\$78,671	\$142,220
Net Assets, Beginning of Year	1,072,968	870,147	1,943,115
Net Assets, End of Year	<u>\$1,136,517</u>	<u>\$948,818</u>	<u>\$2,085,335</u>

Governmental Activities

Property taxes and other tax revenues comprise \$308,042 or approximately 63 percent of total governmental revenues. The Township also collected \$54,960 for services provided. And, at year end the Township reported \$104,499 in grants not restricted for specific purposes. This amount was due to revenue sharing from the State of Michigan and comprises 21 percent of total governmental revenues.

The Township expended \$504,230 on governmental programs and services. Some of the largest expense categories were for general government and public works where \$315,679 (63%) and \$133,926 (27%), respectively, were reported.

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BESSEMER

Business-Type Activities

Business-type activities increased the Township's net assets by \$66,298. Charges for services for water and sewer activities for the year were \$374,327 and expenditures amounted to \$335,869. Besides water and contractual services, the Township's financial commitment to Gogebic Range Water Authority for administrative support and debt service payments amounted to \$48,958. Also, the Township Board raised water and sewer rates to offset rising costs and to increase our cash reserves

Financial Analysis of Governmental Funds

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirement.

Governmental Funds

The focus of the Township's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. The Township's general fund balance sheet reported a fund balances of \$588,269 of which \$272,400 is reserved and the remaining \$315,869 is available for spending at the government's discretion.

On the budgetary basis of accounting, the Township ended the year with a loss of \$15,117 versus \$135,141 as budgeted. Several cost centers experienced less actual expenditures than anticipated.

Proprietary Fund

The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Funds as of March 31, 2008 were \$108,940 and \$313,617 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BESSEMER

Capital Assets and Debt Administration

The Township's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities as of March 31, 2008 was \$1,487,503.

Major capital expenditures for governmental funds were for Township's purchase of a tanker truck; two computers; and fire hall doors replacement.

Two grinder's pumps were purchased by Ramsay Sewer.

The Township had \$414,706 of long-term liabilities at March 31, 2008. This amount consists of \$379,500 of a revenue bond payable as described in Note M to the financial statements; \$25,192 lease/purchase financing contract as described in Note M to the financial statements and \$10,014 of accrued paid time off benefits payable to employees as described in Note L to the financial statements.

Other Economic Factors and Next Years Budget

Economic Factors

Currently, the State of Michigan is experiencing a severe budgetary crisis. As such, it is anticipated that future state cuts will likely translate into strategic reductions of Township expenses to maintain a sound budget. Despite the poor outlook of the state's budget, the Township will continue to strive to provide good social and cultural conditions that support healthy families and maintain a safe and clean community in which to live.

Request for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor
Township of Bessemer
PO Box 304
Ramsay, MI 49959

Roger J. Kolehmainen CPA PC

1445 East Cloverland Drive

Ironwood, MI 49938

(906) 932-3600

INDEPENDENT AUDITOR'S REPORT

Supervisor and Members of the Board
Township of Bessemer
Ramsay, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Township of Bessemer as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these statements based on our audit.

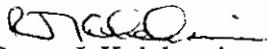
We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Township of Bessemer as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 7, 2008, on our consideration of Township of Bessemer's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 9 are not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Bessemer's basic financial statements. The accompanying Other Financial Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Roger J. Kolehmainen PC
Certified Public Accountant

Ironwood, Michigan
August 7, 2008

TOWNSHIP OF BESSEMER
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Government Activities</u>	<u>Business – type Activities</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$269,153	\$336,510	\$605,663
Accounts receivable-net	35,130	104,487	139,617
Delinquent taxes receivable	29,945		29,945
Due from other funds	21,482	5,337	26,819
Accrued interest income	27		27
Deferred charges	12,685	420	13,105
Inventory (at cost)	2,822	15,449	18,271
TOTAL CURRENT ASSETS	\$371,244	\$462,203	\$833,447
NON-CURRENT ASSETS			
Restricted cash	269,578	40,448	310,026
Capital assets	1,214,331	1,927,311	3,141,642
Accumulated depreciation	(642,990)	(1,011,149)	(1,654,139)
TOTAL NON-CURRENT ASSETS	840,919	956,610	1,797,529
TOTAL ASSETS	\$1,212,163	\$1,418,813	\$2,630,976
LIABILITIES			
Current Liabilities:			
Accounts payable	\$39,351	\$14,305	\$53,656
Accrued wages/taxes	7,865	1,748	9,613
Accrued interest payable		5,695	5,695
Due to other funds	5,337	2,449	7,786
Current maturity on long-term debt	9,743	6,500	16,243
TOTAL CURRENT LIABILITIES	\$62,296	\$30,697	\$92,993
NON-CURRENT LIABILITIES			
Lease purchase	25,192		25,192
Bonds payable		379,500	379,500
Accrued compensated absences	10,014		10,014
Current maturity on long-term debt	(9,743)	(6,500)	(16,243)
TOTAL NON-CURRENT LIABILITIES	25,463	373,000	398,463
TOTAL LIABILITIES	\$87,759	\$403,697	\$491,456
NET ASSETS			
Investment in capital assets, net of related debt	\$571,341	\$536,662	\$1,108,003
Reserved	272,400	55,897	328,297
Unreserved	280,663	422,557	703,220
TOTAL NET ASSETS	\$1,124,404	\$1,015,116	\$2,139,520
TOTAL LIABILITIES AND NET ASSETS	\$1,212,163	\$1,418,813	\$2,630,976

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
STATEMENT OF ACTIVITIES
Year Ended MARCH 31, 2008

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
Governmental Activities			
General government	\$315,679	\$31,915	(\$283,764)
Public safety	27,060	2,948	(24,112)
Public works	133,926	20,097	(113,829)
Recreation and culture	12,030		(12,030)
Other	15,535		(15,535)
Total Governmental Activities	\$504,230	\$54,960	(\$449,270)
Business-type Activities			
Water	\$223,018	\$263,994	40,976
Sewer	112,851	110,333	(2,518)
Total Business – type Activities	\$335,869	\$374,327	\$38,458
Total	\$840,099	\$429,287	(\$410,812)

Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business – type Activities</u>	<u>Total</u>
Net (Expense) Revenue	(\$449,270)	\$38,458	(\$410,812)
General Revenues:			
Property taxes	308,042		308,042
State-Shared revenues	104,499		104,499
Investment income	19,404	7,206	26,610
Other income	5,212	20,634	25,846
Total General Revenues	\$437,157	27,840	\$464,997
Changes in Net Assets	(\$12,113)	\$66,298	\$54,185
Net Assets at Beginning of Year	1,136,517	948,818	2,085,335
Net Assets at End of Year	\$1,124,404	\$1,015,116	\$2,139,520

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
BALANCE SHEET
GENERAL FUND
March 31, 2008

ASSETS

Current Assets:	
Cash and cash equivalents	\$269,153
Accounts receivable-net	35,130
Delinquent taxes receivable	29,945
Due from other funds	21,482
Accrued interest receivable	27
Deferred charges	12,685
Inventory (at cost)	2,822
TOTAL CURRENT ASSETS	<u>\$371,244</u>

NON-CURRENT ASSETS

Restricted cash	269,578
TOTAL NON-CURRENT ASSETS	<u>269,578</u>
TOTAL ASSETS	<u><u>\$640,822</u></u>

LIABILITIES

Current Liabilities	
Accounts payable	\$39,351
Accrued wages/taxes	7,865
Due to other funds	5,337
TOTAL CURRENT LIABILITIES	<u>\$52,553</u>
TOTAL LIABILITIES	<u><u>\$52,553</u></u>

FUND EQUITY

Reserved	272,400
Unreserved	315,869
TOTAL FUND BALANCES	<u>\$588,269</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$640,822</u></u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances for Governmental Funds	\$588,269
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of :	571,341
Long-term liabilities, compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	(10,014)
Lease purchase agreement	(25,192)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$1,124,404</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GENERAL FUND
Year ended March 31, 2008

REVENUES:

Taxes	\$296,353
Other taxes	11,689
Tax administrative fees	28,815
Licenses and permits	2,948
Rentals	3,100
Federal shared revenues	2,927
State shared revenues	104,499
Charges for services	20,097
Interest	19,404
Other revenue	5,212
	<hr/> 495,044

EXPENDITURES

Legislative	56,664
General government	249,505
Public safety	24,047
Public works	116,759
Recreation and culture	6,458
Other	13,090
Debt service	11,532
Capital outlay	32,106
	<hr/> 510,161

EXCESS OF REVENUES (EXPENDITURES)	(15,117)
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OTHER FINANCING SOURCES (USES)

Transfers to/from other funds	<hr/>
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EXCESS OF REVENUES (EXPENDITURES) AND OTHER FINANCING USES	(15,117)
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Fund Balance at 3/31/2007	603,386
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FUND BALANCE MARCH 31, 2008	<hr/> \$588,269 <hr/>
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The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
RECONCILIATION OF THE GENERAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
WITH THE STATEMENT OF ACTIVITIES

March 31, 2008

Net change in fund balances -- Total Governmental Funds	(\$15,117)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	32,106
Depreciation expense	(34,281)

Repayment of lease/purchase principal payment is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not effect the statement of activities	9,087
--	-------

In the Statement of Activities, operating expenses for compensated absences are measured by amounts earned during the year while the governmental funds report expenditures as amounts paid. The amount earned for the year exceeded the amount paid.	(3,908)
---	---------

Change in Net Assets of Governmental Activities	<u>(\$12,113)</u>
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The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
STATEMENT OF NET ASSETS-PROPRIETARY FUNDS
March 31, 2008

	Business type Activities- Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
	<u>Fund</u>	<u>Funds</u>	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$87,947	\$248,563	\$336,510
Accounts receivable-net	69,584	34,903	104,487
Due from other funds	16,592	56,198	72,790
Deferred charges	152	268	420
Inventory (at cost)	15,449		15,449
Total Current Assets	189,724	339,932	529,656
RESTRICTED ASSETS:			
Cash		40,448	40,448
Total Restricted Assets		40,448	40,448
NONCURRENT ASSETS:			
Property, plant and equipment	166,750	1,760,561	1,927,311
Accumulated depreciation	(129,744)	(881,405)	(1,011,149)
Total Non-Current Assets	37,006	879,156	916,162
TOTAL ASSETS	\$226,730	\$1,259,536	\$1,486,266
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$11,824	\$2,481	\$14,305
Accrued wages/taxes	1,664	84	1,748
Accrued interest payable		5,695	5,695
Due to other funds	51,847	18,055	69,902
Current maturity on long-term debt		6,500	6,500
Total Current Liabilities	65,335	32,815	98,150
LONG TERM LIABILITIES			
Revenue bonds payable		379,500	379,500
Less current maturity on long-term debt		(6,500)	(6,500)
TOTAL LIABILITIES	65,335	405,815	471,150
NET ASSETS:			
Investment in capital assets, net of related debt	37,006	499,656	536,662
Reserved	15,449	40,448	55,897
Unreserved	108,940	313,617	422,557
TOTAL NET ASSETS	161,395	853,721	1,015,116
TOTAL LIABILITIES AND NET ASSETS	\$226,730	\$1,259,536	\$1,486,266

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS TYPE
Year ended March 31, 2008

	<u>Water Fund</u>	<u>Sewer Funds</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$249,691	\$110,333	\$360,024
Other revenues	14,303		14,303
Total Operating Revenues	263,994	110,333	374,327
Operating and administrative expenses:			
Wages and taxes	30,887	9,139	40,026
Water purchased/contract cost	87,872	19,417	107,289
Operating supplies/maintenance	25,250	7,705	32,955
Transportation	4,556	1,289	5,845
Utilities	5,826	7,194	13,020
Bad debts	2,742		2,742
Miscellaneous		217	217
Insurance	2,887	5,002	7,889
Administration	11,973	1,227	13,200
Contributions-GRWA	48,958		48,958
Provision for depreciation	2,067	44,534	46,601
Total Operating Expenses	223,018	95,724	318,742
Operating income (loss)	40,976	14,609	55,585
Non-operating revenues (expenses)			
Interest income	1,140	6,066	7,206
Tap in fees/special assessments	15,589	5,045	20,634
Bond interest expense		(17,127)	(17,127)
Net Income (loss) before Transfers	57,705	8,593	66,298
Change in Net Assets	57,705	8,593	66,298
Net Assets - March 31, 2007	103,690	845,128	948,818
NET ASSETS – MARCH 31, 2008	<u>\$161,395</u>	<u>\$853,721</u>	<u>\$1,015,116</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS TYPES
Year ended March 31, 2008

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Funds</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers/transfers	\$254,714	\$148,500	\$403,214
Payments to supplies	(196,232)	(71,947)	(268,179)
Payments to employees	(37,317)	(9,129)	(46,446)
Net Cash Provided (Used) by Operating Activities	21,165	67,424	88,589
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Tap in/special assessments	15,589	5,045	20,634
Purchase of capital assets		(4,198)	(4,198)
Principal paid on bonds payable		(6,500)	(6,500)
Interest paid on bonds payable		(17,127)	(17,127)
Net Cash Provided (Used) for Capital and Related Financing Activities	15,589	(22,780)	(7,191)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	1,140	6,066	7,206
Net Cash Provided (Used) by Investing Activities	1,140	6,066	7,206
Net Increase (Decrease) in Cash	37,894	50,710	88,604
Cash and Cash Equivalents, March 31, 2007	50,053	238,301	288,354
CASH AND CASH EQUIVALENTS, March 31, 2008	\$87,947	\$289,011	\$376,958
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$40,976	\$14,609	\$55,585
Adjustments to reconcile income (loss) to net cash provided (used) by operating activities			
Depreciation/amortization	2,067	44,534	46,601
Change in assets and liabilities:			
Accounts receivable	(9,280)	(9,184)	(18,464)
Due from other funds	(11,306)	2,010	(9,296)
Inventory	2,619		2,619
Deferred charges	14	24	38
Accounts payable	(4,346)	428	(3,918)
Accrued wages/taxes	218	(30)	188
Accrued interest payable		(97)	(97)
Due to other funds	203	15,130	15,333
Total Adjustments	(19,811)	52,815	33,004
Net Cash Provided by Operating Activities	\$21,165	\$67,424	\$88,589

Noncash investing, capital and financing activities: None

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
Year ended March 31, 2008

ASSETS

Cash and cash equivalents	\$30,638
Due from other funds	

TOTAL ASSETS	<u>\$30,638</u>
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LIABILITIES

Due to other funds	\$19,033
Due to others	11,605

TOTAL LIABILITIES	<u>\$30,638</u>
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The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Township of Bessemer was organized in the late 1800's under the Northwest Ordinance of 1787. It operates under an elected Board of Trustees, which includes a supervisor, clerk and treasurer. The Township provides to its residents, services in many areas including public safety, highways and streets, sanitation, culture and recreation, planning and zoning, and general administrative services.

The Township's financial statements are in conformity with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Township the option of electing to apply FASB pronouncements issued after November 30, 1989. The Township has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

In conformity with accounting principles generally accepted in the United States of America, other autonomously operated governmental organizations are not considered to be part of the Township financial-reporting entity. The criteria established for determining the various governmental organizations to be included as component units in the Township's financial statements include oversight responsibility, scope of public service and special financing relationships. On this basis, the financial statements of the local school district; regional water authority; regional solid waste authority and regional waste water authorities are not included as component units in the financial statements of the Township. These various types of services are provided by separate governmental entities.

Basis of Presentation

The Statement of Net Assets and Statement of Activities display information about the reporting as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is place on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds in that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

General Fund - is the primary operating fund of the Township and always classified as a major fund. This fund is used to account for all financial resources except those legally or administratively required to be accounted for in another fund.

Proprietary Fund Types

Enterprise Funds – Water Supply and Sewer Disposal System Funds report operations that provide services, which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes. The funds are used to account for utility operations in a manner similar to private business enterprises. The intent of the Township is to recover operating expenses, including depreciation, through user charges.

Fiduciary Fund Type (Not included in government-wide statements)

Agency Funds – The Tax Collection Fund is used to account for assets held by the Township in a trustee capacity or as an agent for other governments and/or other funds. This fund is custodial in nature and does not involve measurement of results of operations.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

MAJOR AND NONMAJOR FUNDS

The governmental and enterprise funds of the Township are classified as major funds as follows:

<u>Fund</u>	<u>Brief Description</u>
<u>MAJOR FUNDS</u>	
1. General	See above for description.
2. Water	Account for revenues and expenses of providing Water services to the public.
3. Sewer	Account for revenues and expenses of providing Sewer services to the public.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non current) associated with their activities are reported. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charged to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary fund equity is classified as net assets.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end except for State Shared Revenues collected after year end which are earmarked for the period under audit. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used.

Granting of Credit

The General Fund grants credit to the State of Michigan and various local units of government and individuals. The Township also extends credit to its utility customers on a routine basis.

ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the Township. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

All investments are reported at fair market value and consists of certificates of deposits.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statements. Exceptions to this general rule are charges between the government’s water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. See Note G for details of interfund transactions, including receivables and payable at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes and reimbursement for engineering fees advanced on water project under construction by GRWA. Business-type activities report utilities earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include service revenue accruals since they are usually both measurable and available. Interest and investment earnings are recorded when accrued. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. No allowances for uncollectible accounts receivable are recognized since any delinquencies can be placed upon the tax roll. The Board approved a direct customer water account write off due to an internal billing error.

Inventories

Inventories of Governmental Fund types operating supplies and Proprietary Fund (Water Fund) types are valued at cost (first-in-first out) and inventory in taken at year end by Township's representatives.

Prepaid Expenses

Prepaid expenses are amounts paid for insurance of which a future benefit will be derived.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Fixed Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with initial individual costs of \$2,000 and \$1,000 for capital betterments and equipment additions. All fixed assets are valued at historical costs or estimated cost, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Capital assets for proprietary funds are recognized on assets costing over \$500 and with a useful life of over three years. Infrastructure improvements have been capitalized as of April 1, 2004 when such capital improvements exceeded \$5,000.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets for governmental funds. Depreciation has been provided over the useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable fixed assets are as follows:

Buildings and improvements	40-50 Years
Utility Systems	40-50 Years
Machinery and Equipment	5-10 Years
Vehicles	5 Years
Infrastructure (ROW)	20 Years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Reserved Assets

Reserved assets include cash and investments that are restricted as to their use. The primary restricted assets are related to cash accounts established to be used for capital projects, equipment replacement, escrow monies, and debt retirement.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable and accrued compensated absences. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation; or (3) year end inventory.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statement

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved. Proprietary fund equity is classified the same as in the government-wide statements.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Scope of Reporting Entity

In accordance with the provisions of the Governmental Accounting Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and components units that are controlled by or dependent on the Township's executive or legislative branches.

Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on the ensuing December 1. The Township bills and collects its own property taxes and also collects current rolls for the County and School District. The Township records delinquent real property taxes as revenue upon levy; since the County will sell tax notes and remits monies to the various units of government shortly after year end.

Budgets

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the proposed budget for each budgetary fund is submitted to the Township Board for consideration. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held at the annual Township Board meeting to obtain taxpayers comments.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted prior to the fiscal year by the majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. Any revisions to the budgeted amounts must be approved by a majority vote of the Township Board.
7. Budget appropriations lapse at the end of each fiscal year.
8. Budgeted amounts presented in the financial statements are as originally adopted and amended by the Township Board.

Budgets are not required for the operations of the Proprietary Fund types.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Proprietary Fund Type consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Interest Expense

Interest on bonded indebtedness is recorded as expenditure as accrued.

Interest Receivables

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Due to and Due from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods, and/or services. It also includes are revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Expenditures/Expenses

In government-wide financial statements, expenses are classified by function for governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Proprietary Fund – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

NOTE B - CASH

Statutes authorize the Township to deposit cash in financial institutions covered by federal depository insurance and to invest in obligations of the United States Treasury, agencies and instrumentalities; commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services: United States government or agency obligation repurchases agreements; bankers' acceptances of United States banks; certain mutual funds and certain common stocks. All deposits accounts are in the name of the Township and covered by depository insurance. Certificates of Deposit are recorded at cost and interest is recorded as accrued.

In accordance with GASB Statement No. 3, risk disclosure for bank deposits at March 31, 2008 are:

a.	Insured or collateralized with securities held by the entity or by its agent in the entities name.	\$430,638
b.	Collateralized with securities held by the pledging trust department or agent in the entity's name.	
c.	Uncollateralized (This includes any bank balance that is collateralized with securites held by the pledging financial institution, or by its trust department or agent buy not in the entity's name.	567,186
d.	Cash on hand	99
		<u>997,923</u>
	Subtotal	
	Less outstanding checks	<u>(51,596)</u>
	Balance at March 31, 2008	<u>\$946,327</u>

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

The restricted assets consist of cash accounts restricted as follows:

General Fund	
Equipment replacement Account	\$129,331
Capital improvements/streets	132,804
Escrow monies – Taxpayer performance deposit- fire cleanup	7,443
Total	<u>\$269,578</u>

Anvil Sewer Fund	
Bond Reserve Account – to be	
Used for retirement of revenue bonds	\$11,659
Debt Retirement Account – to be	
Used for retirement of debt	951
Total	<u>\$12,610</u>

Ramsay Sewer Fund	
Bond Reserve Account to be	
Used for retirement of revenue bonds	\$12,976
Debt Retirement Account - to be	
Used for retirement of debt	14,862
Total	<u>\$27,838</u>

NOTE C - RECEIVABLES

Accounts receivable and related allowances for uncollectible as of March 31, 2008 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
General Fund	\$65,075	\$	\$65,075
Water Fund	\$69,584	\$	\$69,584
West End Sewer	\$ 4,119	\$	\$ 4,119
Anvil Sewer	\$ 7,585	\$	\$ 7,585
Ramsay Sewer	\$23,199	\$	\$23,199

General Fund - generally consists of delinquent real property tax and administrative fees; state shared revenues; and reimbursable preliminary engineering fees on a GRWA water project.

Proprietary Funds – generally customer unpaid balances. Trade accounts receivable were comprised of the following at March 31, 2008.

Customer billing for the quarter ended March 2008	\$77,352
Delinquent billings	19,283
Total	<u>\$96,635</u>

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Delinquent account balances are placed on tax rolls and can be a lien against real property. Receivables are considered to be fully collectible and accordingly, there is no allowance for doubtful accounts.

NOTE D - SUMMARY OF TAX ROLL

Following is a summary of the 2007 property tax roll:

	<u>Levy</u>	<u>Taxes Returned Delinquent</u>	<u>Net Collected</u>
Real/Personal Property taxes:			
County	\$363,973	\$33,102	\$330,871
School/SET	769,054	58,674	710,380
Township	302,928	31,685	271,243
CFR	24,548	5,206	19,342
SAD	7,009	126	6,883
Delinquent Utilities	20,482	15,331	5,151
Totals:	<u>\$1,487,994</u>	<u>\$144,124</u>	<u>\$1,343,870</u>

NOTE E - DELINQUENT TAX RECEIVABLE

The County of Gogebic purchases the delinquent real property taxes of the Township for the 2007 levied. The County intends to sell tax notes, the proceeds of which will be used to pay the Township for these delinquent taxes shortly after yearend. The delinquent real property taxes are recorded as current year tax revenues.

NOTE F – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Public Act of 275 of 1980 Disclosure

The Township did not have any funds with a net asset deficiency at of March 31, 2008.

Public Act of 621 of 1978 Disclosure

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of amounts appropriated. In the body of the financial statements, the Township's actual expenditures and appropriations have been shown on a cost center basis consistent with their adopted budgets. During the year ended March 31, 2008, the Township incurred expenditures in excess of the amounts appropriated for general government, parks and recreation, and debt service cost centers.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE G - INTERFUND RECEIVABLES AND PAYABLE

The amounts of interfund receivables and payable at March 31, 2008, are as follows:

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Funds</u>	<u>Interfund Payable</u>
General-		Water Fund-	
Tax Fund	\$19,033	West End Sewer	\$750
Anvil Sewer	1,047	Anvil Sewer	29,812
Ramsay Sewer	1,402	Ramsay Sewer	21,285
Water Fund-		West End Sewer -	
General Fund	3,912	Water Fund	12,680
West End Sewer	12,680	Ramsay Sewer	2,926
Ramsay Sewer -		General Fund -	
Water Fund	21,285	Water Fund	3,912
West End Sewer	2,926	West End Sewer	1,425
Anvil Sewer -		Ramsay Sewer -	
Water Fund	29,812	General Fund	1,402
West End Sewer -		Anvil Sewer -	
Water Fund	750	General Fund	1,047
General Fund	1,425	Tax Fund -	
		General Fund	19,033
Totals	<u>\$94,272</u>	Totals	<u>\$94,272</u>

All amounts are due within one year. The principal purpose of these interfunds result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE H – CAPITAL ASSETS

A summary of changes in general fixed assets follow:

Governmental Activities	Balance at			Balance at
Capital Assets not Depreciated	March 31,	<u>Additions</u>	<u>Deletions</u>	March 31,
	<u>2007</u>			<u>2008</u>
Land	\$12,928	\$	\$	\$12,928
Capital Assets being Depreciated				
Buildings and improvements	449,270	3,562		452,832
Equipment, fixtures, furniture	519,994	28,544		548,538
Infrastructure	200,033			200,033
Subtotals	\$1,169,297	\$32,106	\$	\$1,201,403
Less Accumulated Depreciation	(608,709)	(34,281)		(642,990)
Net Capital Assets Being Depreciated	\$560,588	(\$2,175)		\$558,413
Net	<u>\$573,516</u>	<u>(\$2,175)</u>	<u>\$</u>	<u>\$571,341</u>
Depreciation is allocated to:				
General Government	\$8,529	Public Safety	\$3,013	
Public Works	\$17,167	Parks	\$5,572	

NOTE I - ENTERPRISE FUNDS – CAPITAL ASSETS

A summary of proprietary fund type property, plant and equipment at March 31, 2008 follows:

	Water Supply Fund:			
Business-Type Activities	Balance at			Balance at
Capital Assets not Depreciated	March 31,			March 31,
	<u>2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>2008</u>
Land and land rights	\$5,001	\$	\$	\$5,001
Capital Assets being Depreciated				
Equipment	64,671			64,671
Utility plant	97,078			97,078
Subtotals	\$161,749	\$	\$	\$161,749
Less Accumulated Depreciation	(127,677)	(2,067)		(129,744)
Net Capital Assets Being Depreciated	\$34,072	(2,067)		\$32,005
Net	<u>\$39,073</u>	<u>(\$2,067)</u>	<u>\$</u>	<u>\$37,006</u>

Depreciation is computed using the straight-line method.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Sewage Disposal System Funds:				
Business-Type Activities	Balance at March 31, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance at March 31, <u>2008</u>
Capital Assets being Depreciated				
Equipment	\$6,024	\$4,198	\$	\$10,222
Utility plant	1,750,339			1,750,339
Subtotals	\$1,756,363	\$4,198	\$	\$1,760,561
Less Accumulated Depreciation	(836,871)	(44,534)		(881,405)
Net	\$919,492	(\$40,336)	\$	\$879,156

Depreciation is computed using the straight-line method.

NOTE J – JOINT VENTURES

GOGEBIC RANGE WATER AUTHORITY

Bessemer Township is a member of Gogebic Range Water Authority, which was created in 1977 by the Cities of Bessemer and Wakefield and the Townships of Bessemer, Wakefield and most recently the Charter Township of Ironwood joined. The purpose of the authority is to develop water sources for its members and others.

The governing board of the Authority consists of eleven members, two appointed by each of the constituent's municipalities and one at large member appointed by the board of directors. The members have no control over budgeting and financing other than the input of its two board members on the authority board. The Authority operates independent from its member municipalities and is not considered to be a component unit of the Township.

Separate financial statements of the Authority are available through their representatives at PO Box 445, Ramsay, Michigan. A condensed summary of the Authority's activities for the year ended June 30, 2007, is as follows:

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Total Assets	\$14,198,115
Total Liabilities	\$ 4,757,289
Total Equity	\$ 9,440,826
Total Operating Revenues	\$ 423,640
Capital Contributions	\$ 338,950
Total Operating Expenditures	\$ 352,509
Total Non Operating Expense	\$ 188,116
Net Increase in Equity	\$ 221,965
Authority debt is as follows:	
Current	\$ 214,333
Long Term	4,542,956
Total Debt	\$4,757,289

All debt of the Authority is expected to be paid by the revenues of the authority. On October 5, 2000, April 1, 2003 and September 15, 2004, the Authority issued Water System No. 1 Limited Tax General Obligation Bonds, Series 2000, 2003 and 2004. Series 2000, 2003 and 2004 were issued for \$2,833,000, \$1,339,000 and \$726,000 bearing interest rates of 4.5%, 3.25% and 4.275%, respectively. These were single issue bonds purchased by USDA-Rural Development.

The Authority charges Bessemer Township for water sold to them. Construction and related financing costs are allocated and billed by the Authority to the member municipalities. The Authority based upon percentage of participation by each member, developed on a project-by-project basis, bills charges for these services. The financial dependency for future debt retirement payments could be adjusted based on rate charges to each member for water consumed and/or system expansion/improvements.

The Township has granted a franchise agreement to the Authority to construct, operate and maintain a water supply and distribution system, together with the necessary structures and other work incidental thereto, within the jurisdictional boundaries of the Township of Bessemer. The initial term of the franchise shall be thirty (30) years with the option of renewal for additional ten (10) year periods. No transfer of responsibilities nor financial affairs were noted for the period audited, whereas, the Township's water operations and management may be turned over in part or total. Exact details of the transition were unavailable for neither assessment nor disclosure purposes.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

BESSEMER AREA SEWER AUTHORITY

Bessemer Township is a member of the Bessemer Area Sewer Authority, which was formed in 1985 by the City of Bessemer and Township of Bessemer, as a joint venture. The purpose of the Authority is to construct and operate a sewage disposal system in accordance with Act 233, Public Acts of Michigan, 1955 as amended. The BASA operates under a board of directors comprising of members from the two municipalities.

As a joint venture, the BASA operates independent from the member municipalities and is not considered a component unit of the Township. Separate financial statements of the BASA are available at the office of the BASA located at E7840 Stone Road, Bessemer, Michigan. A condensed summary of the BASA activities as of June 30, 2007, is as follows

Total Assets	\$7,936,359
Total Liabilities	\$2,396,374
Total Equity	\$5,539,985
Total Operating Revenues	\$ 319,585
Total Operating Expenditures	305,084
Total Non-operating Expenses	103,071
Net Decrease in Equity	(\$ 88,570)
Total Authority debt is as follows:	
Current	\$ 96,374
Long Term	2,300,000
Total Debt	\$2,396,374

All BASA debt is expected to be paid by the revenues of the authority. On June 17, 1987 issued \$1,700,000 of Sewage Disposal System No. 1 Bonds (Limited Tax General Obligation) pursuant to Act 233, Public Acts of Michigan, 1955, as amended. The Authority has entered into a contract with each of the constituent municipalities whereby the municipalities have each pledged its limited tax full faith and credit for the payment of the municipality's share of the obligation. The municipalities will be required to levy ad valorem taxes within applicable constitutional and statutory limitations on all taxable property within their boundaries to the extent necessary to make the payments required to pay principal and interest on the bonds if other funds for that purpose are not available. Bonds are payable in annual installments due on May 1 of each year with interest installments at the annual rate of 5% a year, due on May 1 and November 1 of each year.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

On May 11, 1998, a second Sanitary Sewage Disposal System Revenue Bonds of \$1,237,000 bearing an annual interest rate of 4.5% were issued. The same payment dates as above apply to this issuance. Since the Authority has been able to fulfill their payment obligations with revenues charged its customers, no debt payment schedules are disclosed.

POWDERHORN AREA UTILITY DISTRICT

Bessemer Township is a member of the Powderhorn Area Utility District (PAUD), which was formed on December 11, 2001 as a municipal authority under provisions of Act 233 of Public Acts of Michigan, 1955, as amended. The municipalities forming the District were the Charter Township of Ironwood and Township of Bessemer, as a joint venture. The District was formed for the purpose of acquiring, building, owning, extending, improving, operating, maintaining, repairing and administering a sewage disposal and water supply system. PAUD operates under a board of directors consisting of three members, one appointed by the Township Board and two from the Township of Ironwood. PAUD operates independent from the member municipalities and is not considered a component unit of the Township. Separate financial statements of the District are available through their representative located at PO Box 455, Ramsay, MI. A condensed summary of the Authority's activities for the year ended September 30, 2007, is as follows:

Total Assets	\$ 8,496,363
Total Liabilities	\$ 5,963,125
Total Equity	\$ 2,533,238
Total Operating Revenues	\$ 459,145
Capital Contributions	\$
Total Operating Expenditures	\$ 233,891
Total Non Operating Revenues	\$ 31,431
Net Increase in Equity	\$ 256,685
Authority debt is as follows:	
Current	\$ 320,825
Long Term	5,642,300
Total Debt	\$ 5,963,125

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

All debt of the Authority is expected to be paid by the revenues of the authority. At September 30, 2007, plant construction was 100% completed. Customers began connecting to and utilizing the plant in 2006. Most customers were connected prior to December 31, 2006. Therefore, depreciation of the plant assets began on October 1, 2006. Final loan proceeds were received in October of 2007, along with final payment of construction costs. Remaining funds of \$369,000 were used in December of 2007, to pay down the outstanding bonds.

On October 14, 2004, the District issued Sewage Disposal System No. 1 Limited Tax General Obligation Bonds, Series 2004A and 2004B for \$5,598,000 and \$902,000, respectively. They both bear an interest rate of 4.5%. They were single bonds purchased by USDA-Rural Development. At September 30, 2007 the outstanding balances were \$4,831,300 for the series 2004A bond, and \$877,000 for series 2004B.

The member municipalities of the District have entered into a financing contract with the District. Under terms of the contract, the member municipalities are responsible to pay the District amounts sufficient to cover the costs of financing the construction. Bessemer Township percentage of allocation is 26.8%.

GOGEBIC RANGE SOLID WASTE MANAGEMENT AUTHORITY

Bessemer Township is a member of the Gogebic Range Solid Waste Management Authority, which was created on August 6, 1987 by the Cities of Bessemer and Wakefield, and the Townships of Bessemer, Ironwood, and Marenisco as a joint venture. The purpose of the Authority is to construct and operate a solid waste transfer services to its members, other municipalities and the general public. The Authority was organized in accordance with Act 233, Public Acts of Michigan, 1955 as amended. The Authority operates under a board of directors comprised of members from the constituent municipalities.

The Authority operates independent from the member municipalities and is not considered a component unit of the Township. Separate financial statements of the GRSWMA are available at the office of the GRSWMA located on US 2, Ironwood, Michigan.

A condensed summary of the GRSWMA activities as of June 30, 2007, is as follows:

Total Assets	\$1,033,535
Total Liabilities	\$ 425,439
Total Equity	\$ 608,096

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Total Operating Revenues	\$ 690,900
Total Operating Expenditures	\$ 695,993
Total Non-operating Expenses	<u>\$ 32,807</u>
Net Decrease in Equity	<u>(\$ 37,900)</u>

Total Authority debt is as follows:

Current	\$ 82,139
Long Term	<u>343,300</u>
Total Debt	<u>\$ 425,439</u>

The Authority issued \$476,000 in Solid Waste Disposal System Bonds No. 1, Series 2003, in the fall of 2003 in defraying improvement costs and refinance existing indebtedness, whereas, only \$354,900 were utilized, allowing for the unused balance to be applied against the outstanding bond issuance. Bonds are payable in annual installments due on February 1 of each year with interest installments at the annual rate of 4.5% a year, due on February 1, and August 1 of each year. As of June 30, 2007, the Authority had \$360,300 in bonds outstanding.

The Authority has entered into a contract with each of the constituent municipalities whereby the municipalities have each pledged its limited tax full faith and credit for the payment of the municipality's share of the obligation. The municipalities will be required to levy ad valorem taxes within applicable constitutional and statutory limitations on all taxable property within their boundaries to the extent necessary to make the payments required to pay principal and interest on the bonds if other funds for that purpose are not available. The Township pro-rata share would be approximately 15% of the outstanding bond balance. The Authority has been able to meet all their prior years' debt retirement payments with operating receipts.

NOTE K - ACCOUNTS PAYABLE

The General Fund's accounts payable were for normal expenditures and potential tax settlement pertaining to a tax appeal case in the amount of \$24,266 (See Note P) reflected in the financial statements as an outstanding liability as of March 31, 2008.

The Proprietary Fund account payable balances were for normal expenditures at year-end.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE L - COMPENSATED ABSENCES

Employees are covered under a collective bargaining agreement. An employee shall be entitled to five days of vacation after 1 year of complete service. After two years of completed employment, the employee earns 7 vacation days. After five years of completed service, the employee shall be entitled to 11 days. Furthermore, each employee shall be entitled to 3 personal days per year. Two employees had earned \$2,159 in accrued annual and personal leave benefits as of March 31, 2008. Furthermore, employees are allowed to accumulate one sick day per month and can accumulate up to and not to exceed forty (40) days in their sick leave only for the purpose of sick leave use only. Three employees had accumulated sick leave benefits of \$7,855 as of March 31, 2008.

NOTE M – LONG-TERM DEBT

A summary of the changes in long-term debt for the year ended March 31, 2008, is as follows:

	<u>Balance at March 31, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at March 31, 2008</u>
Lease Purchase Agreement	\$34,279	\$	\$9,087	\$25,192
Revenue Bond payable	386,000		6,500	379,500
Compensated absences	6,106	3,908		10,014
	<u>\$426,385</u>	<u>\$3,908</u>	<u>\$15,587</u>	<u>\$414,706</u>

Lease Purchase Agreement

The Township entered into a municipal lease purchase agreement in the acquisition of a tractor and loader. The Township arrangement was to finance \$53,900, with annual payments of \$11,532 due on September 22nd at 7.25% interest rate, with a final purchase option of \$5,000. The repayment schedule is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$9,743	\$1,789	\$11,532
2010	10,449	1,083	11,532
2011	5,000		5,000
	<u>\$25,192</u>	<u>\$2,872</u>	<u>\$28,064</u>

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Enterprise Fund Revenue Bonds Payable

Enterprise fund revenue bonds payable consist of the following debts:

1. Sewer System Mortgage Revenue Bonds \$194,000 issued August 28, 1995, bearing interest at 4.50%. Payments On May 15 and October 29, with final maturity on October 29, 2035.	\$177,000
2. Sewer System Mortgage Revenue Bonds \$223,000 issued February 11, 1997, bearing interest at 4.50%. Payments On May 15 and October 29, with final maturity on October 29, 2035.	202,500
	\$379,500

Revenue Bonds

On August 28, 1995, the Township issued \$194,000 in Sewage Disposal System Revenue Bonds to partially finance the cost of acquiring and constructing the sewage system. The bonds bear interest at the rate of 4.5% per annum, which is payable semi-annually on May 15 and October 29 of each year. As of March 31, 2008, \$177,000 of the bonds remained outstanding as follows:

Debt service charges until maturity are as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 3,000	\$ 7,897	\$10,897
2010	3,000	7,763	10,763
2011	3,000	7,627	10,627
2012	3,000	7,493	10,493
2013	4,000	7,335	11,335
2014	4,000	7,155	11,155
2015	4,000	6,975	10,975
2016	4,000	6,795	10,795
2017	5,000	6,592	11,592
2018	5,000	6,368	11,368
2019	5,000	6,142	11,142
2020	5,000	5,918	10,918
2021	6,000	5,670	11,670

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	6,000	5,400	11,400
2023	6,000	5,130	11,130
2024	6,000	4,860	10,860
2025	7,000	4,567	11,567
2026	7,000	4,253	11,253
2027	7,000	3,937	10,937
2028	8,000	3,600	11,600
2029	8,000	3,240	11,240
2030	8,000	2,880	10,880
2031	9,000	2,498	11,498
2032	9,000	2,092	11,092
2033	10,000	1,665	11,665
2034	10,000	1,215	11,215
2035	11,000	743	11,743
2036	<u>11,000</u>	<u>247</u>	<u>11,247</u>
	<u>\$177,000</u>	<u>\$136,057</u>	<u>\$313,057</u>

Bonds are subject to redemption prior to maturity on any interest payment date in inverse numerical order.

These revenue bonds are self-liquidating bonds and are not a general obligation of the Township of Bessemer, but are payable solely from the revenues of the system.

On February 11, 1997, the Township issued \$223,000 in Sewage Disposal System Revenue Bonds to partially finance the cost of acquiring and constructing the sewage system. The bonds bear interest at the rate of 4.5% per annum, which is payable semi-annually on May 15 and October 29 of each year. As of March 31, 2008, \$202,500 of the bonds remained outstanding as follows:

Debt service charges until maturity are as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 3,500	\$ 9,034	\$ 12,534
2010	3,500	8,876	12,376
2011	3,500	8,719	12,219
2012	3,500	8,561	12,061
2013	3,500	8,404	11,904

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	3,500	8,246	11,746
2015	4,500	8,066	12,566
2016	4,500	7,864	12,364
2017	4,500	7,661	12,161
2018	4,500	7,459	11,959
2019	5,500	7,234	12,734
2020	5,500	6,986	12,486
2021	6,500	6,716	13,216
2022	6,500	6,424	12,924
2023	6,500	6,131	12,631
2024	7,500	5,816	13,316
2025	7,500	5,479	12,979
2026	7,500	5,141	12,641
2027	7,500	4,804	12,304
2028	7,500	4,466	11,966
2029	8,500	4,106	12,606
2030	9,000	3,716	12,716
2031	9,000	3,308	12,308
2032	10,000	2,880	12,880
2033	11,000	2,408	13,408
2034	11,000	1,813	12,813
2035	12,000	1,395	13,395
2036	12,000	855	12,855
2036	<u>13,000</u>	<u>293</u>	<u>13,293</u>
	<u>\$202,500</u>	<u>\$162,861</u>	<u>\$365,361</u>

Bonds are subject to redemption prior to maturity on any interest payment date in inverse numerical order. These revenue bonds are self-liquidating bonds and are not a general obligation of the Township of Bessemer, but are payable solely from the revenues of the system.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE N - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township provides water and sewage services through four enterprise funds. Segment information as of March 31, 2008, follows:

	Water Fund	West End Sewer Fund	Anvil Sewer Fund	Ramsay Sewer Fund
Operating revenues	\$263,994	\$26,317	\$26,288	\$57,728
Total operating and Administrative exp	\$223,018	\$25,187	\$27,343	\$43,194
Depreciation expense	\$ 2,067	\$ 200	\$19,564	\$24,770
Operating income(loss)	\$ 40,976	\$ 1,130	(\$1,055)	\$14,534
Non-operating revs/(exp)	\$16,729	\$ 733	(\$5,868)	(\$1,881)
Restrictive donations/grants	0	0	0	0
Operating transfers	0	0	0	0
Tax revenues	0	0	0	0
Increase (decrease) in Net Assets	\$57,705	\$ 1,863	(\$ 5,923)	\$12,653
Current capital contrib.	0	0	0	0
Increase (decrease) in fixed assets	0	0	\$ 4,198	0
Long-term debt payable from operating revenues	0	0	\$177,000	\$202,500
Net Assets				
Unrestricted (deficit)	\$108,940	\$41,660	\$139,135	\$132,822

NOTE O - CONTINGENT LIABILITY

The Township has entered into various contracts with the Gogebic Range Water Authority whereby the Township has agreed to pay a substantial share of periodic payments of principal and interest on revenue bonds issued by the Authority for construction of a water supply system to serve two local units. The obligation of the Township is limited to the amount that the periodic payments may exceed the revenue or other income of the system. The total extent the Township may be liable for cannot be readily determined since additional improvements are being undertaken and additional assurances are being made. It is expected that the future revenues of the system will not be sufficient to pay annual debt payments. Amounts transferred to the Authority for annual debt payments, bond reserve requirements, and administrative fees are as follows:

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Year ended March 31, 1987	\$ 31,865
March 31, 1988	14,058
March 31, 1989	18,273
March 31, 1991	21,851
March 31, 1992	19,723
March 31, 1993	23,430
March 31, 1994	23,430
March 31, 1996	22,493
March 31, 1997	22,493
March 31, 1998	25,773
March 31, 1999	32,802
March 31, 2000	28,116
March 31, 2001	43,117
March 31, 2002	56,187
March 31, 2003	68,003
March 31, 2004	49,328
March 31, 2005	54,065
March 31, 2006	57,608
March 31, 2007	53,846
March 31, 2008	<u>48,958</u>
Totals to date	<u>\$715,419</u>

The above payments are being expense in the period the contributions have been paid.

The Township has also entered into contracts with the Bessemer Area Sewer Authority to pledge its limited tax full faith and credit for the payment of the municipality's share of the outstanding bond indebtedness. It is anticipated that the revenues of the system will be sufficient in making the debt retirement payments as they are become payable.

The Township has become a joint member with Ironwood Township in forming the Powderhorn Area Utility District (PAUD) to seek a remedy to failing septic systems located in the Powderhorn area. Engineering studies have been completed and project was let on bids. See Note J regarding Joint Ventures. It is intended that the Powderhorn Area Utility District will be self-sufficient, relying on special assessments and rate charges to fund the improvements and future operations.

The Township has made a commitment to Gogebic Range Solid Waste Management to pledge its limited tax full faith and credit in the retirement of debt obligations. The amount of bonds authorized for issuance amounted to \$476,000 for equipment upgrades and improvements as of October 31, 2003. The Township would be responsible for up to 15% or \$71,000. GRSWMA past debt retirement payments have been satisfied by operating revenues and has not requested financial assistance from the Township.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE P - RISK MANAGEMENT

The Township is exposed to various risks of losses related to torts; theft or, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained general liability; physical damage to property, equipment and contents, wrongful acts, auto liability, crime and electronic data processing insurance coverage as a member in the Michigan Township Participating Plan (MTPP). The MTPP is a self-insurance association that secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of the Township and other member municipalities. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of the deductible amounts. The Township has comprehensive general liability of \$1,000,000 limit, with no deductible. The deductible is \$100 per occurrence for auto, property, and electronic data processing.

All risk management activities are accounted for in the General Fund and Enterprise Funds of the Township. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Township received a settlement offer pertaining to a tax appeal over assessment claim by Enbridge Energy for tax years 2003- 2007. While the Township is exploring all its options, a tentative repayment calculation of \$24,266 was recognized in the prior year's financial statements as a potential liability. While no official action has been taken to repay this liability, the Township continues to recognize the prior year's liability until the appeal process has been formally resolved.

Otherwise, no other matters were present which would require recognition in the financial statements of the Township. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five years.

NOTE Q – OPERATING LEASE

On September 1, 2003, The Township entered into an agreement with the Gogebic Range Water Authority to lease office space located in the township hall. This is an operating lease whereby either party may terminate the lease at will. The lease calls for the Authority to pay a monthly rent of \$300. The lease effective date began on January 1, 2004.

NOTE R – STATE CONSTRUCTION CODE ACT INFORMATION

During the year ended March 31, 2008, the Township collected construction code service fees of \$2,948 and spent \$5,869 for enforcing the code. Because the fee structure is not intended to recover the full cost of enforcement and the Township has the ability to track the full costs and revenues, a separate fund has not been created to account for these monies. In prior years, the Township spent more for enforcing the code than it collected in fees.

REQUIRED
SUPPLEMENTAL
INFORMATION

TOWNSHIP OF BESSEMER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE- BUDGET TO ACTUAL
GENERAL FUND
Year ended March 31, 2008

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$282,079	\$282,079	\$296,353	\$14,274
Other taxes	33,000	33,000	11,689	(21,311)
Tax administrative fees	18,600	18,600	28,815	10,215
Licenses and permits	4,200	4,200	2,948	(1,252)
Rentals	3,800	3,800	3,100	(700)
Federal shared revenues	7,000	7,000	2,927	(4,073)
State shared revenues	104,000	104,000	104,499	499
Charges for services	20,800	20,800	20,097	(703)
Interest	18,000	18,000	19,404	1,404
Other revenue	1,000	1,000	5,212	4,212
	492,479	492,479	495,044	2,565
EXPENDITURES				
Legislative	59,500	54,500	56,664	(2,164)
General government	271,320	271,320	249,505	21,815
Public safety	32,250	37,750	24,047	13,703
Public works	167,350	154,350	116,759	37,591
Recreation and culture	6,200	5,700	6,458	(758)
Other	51,500	51,500	13,090	38,410
Debt service			11,532	(11,532)
Capital outlay	52,500	52,500	32,106	20,394
	640,620	627,620	510,161	117,459
EXCESS OF REVENUES OVER (EXPENDITURES)	(148,141)	(135,141)	(15,117)	120,024
OTHER FINANCING SOURCES (USES)				
Transfers to/from other funds				
EXCESS OF REVENUES EXPENDITURES) AND OTHER FINANCING USES	(148,141)	(135,141)	(15,117)	120,024
Fund Balance at 3/31/2007	603,386	603,386	603,386	
FUND BALANCE 3/31, 2008	\$455,245	\$468,245	\$588,269	\$120,024

The accompanying notes are an integral part of the financial statements.

OTHER
FINANCIAL
INFORMATION

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
For the Year ended March 31, 2008

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Taxes:				
Current property taxes	\$282,079	\$282,079	\$296,353	\$14,274
Delinquent property taxes	24,500	24,500	448	(24,052)
Commercial forest reserve/PILT	8,500	8,500	11,241	2,741
Tax administrative fees	18,600	18,600	28,815	10,215
Total taxes	333,679	333,679	336,857	3,178
Federal shared revenues	7,000	7,000	2,927	(4,073)
State shared revenues	104,000	104,000	104,499	499
Licenses and permits	4,200	4,200	2,948	(1,252)
Charges for services	20,800	20,800	20,097	(703)
Rent	3,800	3,800	3,100	(700)
Miscellaneous	1,000	1,000	5,212	4,212
Interest income	18,000	18,000	19,404	1,404
	22,800	22,800	27,716	4,916
TOTAL REVENUES	492,479	492,479	495,044	2,565
Other financing sources-Transfer from other funds				
TOTAL REVENUES AND OTHER FINANCING SOURCE	\$492,479	\$492,479	\$495,044	\$2,565

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL
For the year ended March 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
LEGISLATIVE				
Township Board:				
Salaries			\$5,560	
Office supplies			4,988	
Communications			4,640	
Professional fees			8,422	
Printing and publishing			1,637	
Insurance			26,461	
Miscellaneous			737	
Subscriptions and dues			1,279	
Contributions			2,940	
TOTAL LEGISLATIVE	\$59,500	\$54,500	\$56,664	(\$2,164)
GENERAL GOVERNMENT				
Supervisor:				
Salary			\$15,058	
Per diem			400	
Fringe benefits			7,123	
TOTAL SUPERVISOR	\$22,675	\$22,675	\$22,581	\$94
Election:				
Wages			\$714	
Publications			78	
Miscellaneous			80	
TOTAL ELECTION	\$2,400	\$2,400	\$872	\$1,528
Assessor:				
Wages			\$8,167	
Office supplies			545	
Contractual services			95,000	
TOTAL ASSESSOR	\$107,400	\$107,400	\$103,712	\$3,688

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL
For the year ended March 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Clerk:				
Salary			\$20,077	
Deputy clerk			665	
Per diem			120	
Supplies			491	
TOTAL CLERK	\$26,395	\$26,395	\$21,353	\$5,042
BOARD OF REVIEW	\$1,200	\$1,200	\$1,050	\$150
Treasurer:				
Salary			\$20,077	
Deputy treasurer			71	
Per diem			880	
Fringe benefits			1,626	
Office supplies			248	
Contract cost			4,603	
Miscellaneous			40	
TOTAL TREASURER	\$30,350	\$30,350	\$27,545	\$2,805
Township Properties:				
Wages			\$33,882	
Supplies			4,704	
Utilities			21,352	
Repair & maintenance			3,790	
Transportation			8,402	
Miscellaneous			262	
TOTAL TOWNSHIP PROPERTIES	\$80,900	\$80,900	\$72,392	\$8,508
TOTAL GENERAL GOVERNMENT	\$271,320	\$271,320	\$249,505	\$21,815

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL
For the year ended March 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
PUBLIC SAFETY				
Public Safety:				
Fire:				
Wages			\$3,481	
Supplies			1,667	
Repair & maintenance			2,437	
Uniform/safety equipment			5,023	
Dues and subscriptions			1,205	
TOTAL FIRE PROTECTION	\$23,000	\$23,000	\$13,813	\$9,187
 INSPECTIONS	 \$5,000	 \$10,500	 \$5,869	 \$4,631
 ZONINGS	 \$4,250	 \$3,250	 \$3,325	 (\$75)
 PLANNING		\$1,000	\$1,040	(\$40)
TOTAL PUBLIC SAFETY	\$32,250	\$37,750	\$24,047	\$13,703
 PUBLIC WORKS				
Street & Sidewalks:				
Wages			\$4,524	
Supplies			1,363	
Street lights			16,701	
Repair & maintenance			10,573	
Miscellaneous			193	
TOTAL STREET & SIDEWALKS	\$68,650	\$68,650	\$33,354	\$35,296

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL
For the year ended March 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Solid Waste and Public Works:				
Wages			\$27,258	
Fringe benefits			33,594	
Supplies			1,000	
Miscellaneous			558	
Transportation			1,813	
Tipping fees/bags			19,182	
TOTAL SOLID WASTE	\$98,700	\$85,700	\$83,405	\$2,295
 TOTAL PUBLIC WORKS	 \$167,350	 \$154,350	 \$116,759	 \$37,591
 RECREATION & CULTURE				
Parks:				
Wages			\$4,493	
Supplies			1,870	
Utilities			95	
TOTAL RECREATION & CULTURE	\$6,200	\$5,700	\$6,458	(\$758)
 OTHER				
Payroll taxes	\$26,500	\$26,500	\$13,090	\$13,410
Miscellaneous	25,000	25,000		25,000
TOTAL OTHER	\$51,500	\$51,500	\$13,090	\$38,410
 DEBT SERVICE				
Principal			9,087	(9,087)
Interest			2,445	(2,445)
TOTAL DEBT SERVICE	\$	\$	\$11,532	(\$11,532)
 CAPITAL OUTLAY	 \$52,500	 \$52,500	 \$32,106	 \$20,394
 GRAND TOTALS	 \$640,620	 \$627,620	 \$510,161	 \$117,459

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPES
March 31, 2008

	<u>Water</u>	<u>West End Sewer</u>	<u>Anvil Sewer</u>	<u>Ramsay Sewer</u>	<u>Totals</u>
ASSETS					
Current Assets:					
Cash	\$87,947	\$52,614	\$105,540	\$90,409	\$336,510
Accounts receivable-net	69,584	4,119	7,585	23,199	104,487
Due from other funds	16,592	2,175	29,812	24,211	72,790
Supplies inventory (cost)	15,449				15,449
Prepaid expenses	152		134	134	420
Total Current Assets	189,724	58,908	143,071	137,953	529,656
Non-current Assets:					
Restricted cash			12,610	27,838	40,448
Capital assets	166,750	2,000	785,145	973,416	1,927,311
Accumulated depreciation	(129,744)	(1,700)	(224,453)	(655,252)	(1,011,149)
Total Non-current Assets	37,006	300	573,302	346,002	956,610
TOTAL ASSETS	\$226,730	\$59,208	\$716,373	\$483,955	\$1,486,266
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$11,824	\$1,618	\$208	\$655	\$14,305
Accrued wages/taxes	1,664	24	25	35	1,748
Accrued interest payable			2,656	3,039	5,695
Current maturity on LT Debt			3,000	3,500	6,500
Total Current Liabilities	13,488	1,642	5,889	7,229	28,248
Non-current Liabilities:					
Due to other funds	51,847	15,606	1,047	1,402	69,902
Bonds payable			177,000	202,500	379,500
Less current portion on LT Debt			(3,000)	(3,500)	(6,500)
TOTAL LIABILITIES	65,335	17,248	180,936	207,631	471,150
Investment in capital assets, net of related debt	37,006	300	383,692	115,664	536,662
Restricted	15,449		12,610	27,838	55,897
Unrestricted	108,940	41,660	139,135	132,822	422,557
TOTAL NET ASSETS	161,395	41,960	535,437	276,324	1,015,116
TOTAL LIABILITIES AND NET ASSETS	\$226,730	\$59,208	\$716,373	\$483,955	\$1,486,266

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPES
March 31, 2008

	<u>Water</u>	<u>West End Sewer</u>	<u>Anvil Sewer</u>	<u>Ramsay Sewer</u>	<u>Totals</u>
Operating revenues:					
Sales to customers	\$249,691	\$26,317	\$26,288	\$57,728	\$360,024
Other revenues	14,303				14,303
Total Operating Revenues	\$263,994	\$26,317	\$26,288	\$57,728	\$374,327
Operating expenses					
Water purchased/contract cost	\$87,872	\$19,417	\$	\$	\$107,289
Depreciation	2,067	200	19,564	24,770	46,601
Wages and taxes	30,887	1,682	2,449	5,008	40,026
Transportation	4,556	359	414	516	5,845
Insurance	2,887		2,445	2,557	7,889
Utilities	5,826		988	6,206	13,020
Miscellaneous		50		167	217
Operating supplies/maintenance	25,250	3,156	926	3,623	32,955
Bad debts	2,742				2,742
Total Operating Expenses	162,087	24,864	26,786	42,847	256,584
Administrative expenses					
Wages and taxes	\$6,650				\$6,650
Contracted services	1,400	\$300	\$300	\$300	2,300
Office expenses	620				620
Communications	1,993	23	57	47	2,120
Publications/dues	1,056		200		1,256
Training	208				208
Miscellaneous	46				46
Contributions –GRWA	48,958				48,958
TOTAL OPERATING AND ADMINISTRATIVE EXPENSES	\$223,018	\$25,187	\$27,343	\$43,194	\$318,742
INCOME (LOSS) FROM OPERATIONS	40,976	1,130	(1,055)	14,534	55,585
Nonoperating revenues (expenses):					
Tap fees/Special Assessments	15,589			5,045	20,634
Interest income	1,140	733	3,121	2,212	7,206
Interest expense			(7,989)	(9,138)	(17,127)
Changes in Net Assets	\$57,705	\$1,863	(\$5,923)	\$12,653	\$66,298
Net assets at March 31, 2007	103,690	40,097	541,360	263,671	948,818
NET ASSETS AT 3/31/2008	\$161,395	\$41,960	\$535,437	\$276,324	\$1,015,116

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
March 31, 2008

	<u>Water</u>	<u>West End</u>	<u>Anvil</u>	<u>Ramsay</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers/transfers	\$254,714	\$36,366	\$62,156	\$49,978	\$403,214
Payments to suppliers	(196,232)	(23,526)	(37,470)	(10,951)	(268,179)
Payments to employees	(37,317)	(1,672)	(2,430)	(5,027)	(46,446)
Net Cash Provided (Used) By Operating Activities	21,165	11,168	22,256	34,000	88,589
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Tap in or debt service proceeds	15,589			5,045	20,634
Purchase of capital assets			(4,198)		(4,198)
Principal paid on bonds payable			(3,000)	(3,500)	(6,500)
Interest paid on bonds payable			(7,989)	(9,138)	(17,127)
Net Cash Provided (Used) for Capital and Related Financing Activities	15,589		(15,187)	(7,593)	(7,191)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	1,140	733	3,121	2,212	7,206
Net Cash Provided (Used) by Investing Activities	1,140	733	3,121	2,212	7,206
Net Increase (Decrease) in Cash	37,894	11,901	10,190	28,619	88,604
Cash and Cash Equivalents 3/31/07	50,053	40,713	107,960	89,628	288,354
CASH /CASH EQUIVALENTS, 3/31/ 2008	\$87,947	\$52,614	\$118,150	\$118,247	\$376,958
Reconciliation of operating income (loss) to Net Cash Provided from Operating Activities:					
Operating income (loss)	\$40,976	\$1,130	(\$1,055)	\$14,534	\$55,585
Adjustments to reconcile income (loss) to net cash provided (used) by operating activities:					
Depreciation	2,067	200	19,564	24,770	46,601
(Increase) decrease in:					
Account receivable	(9,280)	(1,913)	479	(7,750)	(18,464)
Due from other funds	(11,306)	(728)	2,239	499	(9,296)
Inventory	2,619				2,619
Prepaid expenses	14		6	18	38
(Decrease) increase in:					
Accounts payable	(4,346)	(211)	41	598	(3,918)
Accrued payroll/taxes	218	10	(21)	(19)	188
Accrued interest			(44)	(53)	(97)
Due to other funds	203	12,680	1,047	1,403	15,333
Total Adjustments	(19,811)	10,038	23,311	19,466	33,004
Net Cash provided by Operating Activities	\$21,165	\$11,168	\$22,256	\$34,000	\$88,589

The accompanying notes are an integral part of the financial statements

Roger J. Kolehmainen PC CPA
1445 East Cloverland Drive
Ironwood, MI 49938
(906) 906-3600

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

Supervisor and Members of the Board
Bessemer Township
Ramsay, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bessemer Township as of and for the year ended March 31, 2008, which collectively comprise the Bessemer Township's basic financial statements and have issued our report thereon dated August 7, 2008. We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Bessemer Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bessemer Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bessemer Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bessemer Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a

misstatement of the Bessemer Township's financial statements will not be prevented or detected by Bessemer Township's internal control. We consider the deficiencies described in the accompanying schedule of findings as items 07-1 and, 07-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Bessemer Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessary identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessary disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described in the Schedule of Findings, we consider none of the items to be a material weakness.

Compliance

As part of obtaining reasonable assurance about whether Bessemer Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Bessemer Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit Bessemer Township's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of Bessemer Township in a separate letter dated August 7, 2008.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Members of the Board, is a matter of public record.



Roger J. Kolehmainen PC
Certified Public Accountant

August 7, 2008

SCHEDULE OF FINDINGS

BESSEMER TOWNSHIP

Year ended March 31, 2008

07-1 Auditor Proposed Adjusting Journal Entries

During the normal audit process, adjusting journal entries are provided to the Township Clerk for review and posting to the accounting records. Our audit noted that prior years adjusting journal entries were not posted in total, resulting in some beginning balances to be misstated. By not correcting all opening balances, the interim and final financial reports were not accurate enough for the decision making process. While, the effects of not making the correcting entries would be minimal due to the reoccurring nature, we would recommend the Clerk adjust the accounting records to agree with the audited balances.

The Clerk was unaware of the need to make the appropriate corrections and is agreeable to our recommendations.

07-2 Ability to Prepare Financial Statements and Related Note Disclosures

Like entities of similar size, the Township uses the assistance of the auditor to draft the financial statements and related note disclosures.

Following the Township's adopted budgets, the Clerk will post the accounting records on the accrual basis of accounting to help expedient the audit effort. This will include considering the prior years adjusting entries in adjusting the accounting records to the accrual basis of accounting. Similar journal entries will need to be made by the Clerk due to the reoccurring nature.

The Township intends to consult with the auditor pertaining to accounting and reporting issues as needed.